



## The City of Lynchburg, Virginia

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INFORMATION  
TECHNOLOGY

### MEMORANDUM

AGENDA ITEM # 4

TO: City Council  
L. Kimball Payne III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Walter Erwin, City Attorney

FROM: Mike Goetz, Director - Information Technology *MWG*

DATE: January 15, 2004

RE: Adelphia Cable Television Franchise

At your December 16, 2003 Work Session, a question was raised during Roll Call concerning the status of the Adelphia cable television (CATV) franchise renewal. A concern was also raised related to Adelphia's recently announced rate increase. In response to your questions and concerns, Adelphia's District Manager, Mr. Lon Carruth, will attend your January 27, 2004 Work Session and will address any questions you might have.

Following are several points regarding the status of the franchise renewal:

- Adelphia's franchise expired on March 10, 2003. Council granted an extension to the franchise for one year; therefore, that extension will expire on March 10, 2004.
- Adelphia is very desirous to negotiate a new franchise. I have had conversations recently with Mr. Carruth about starting franchise renewal discussions early in 2004. Given that we expect negotiations to take between six and nine months, I suggest that we do start negotiations as soon as possible, and that Council grant another extension of the current franchise until the end of 2004 to allow sufficient time to complete negotiations. An item requesting Council action to grant another extension is scheduled for your January 27, 2004 Council Meeting.
- According to several accounts, Adelphia's bankruptcy proceedings are expected to continue until at least the second half of 2004. However, Adelphia is currently negotiating successful franchise renewals, despite the bankruptcy. For example, Adelphia has recently reached agreement with Charlottesville. We will be reviewing the Charlottesville agreement to assist us with our negotiations.
- Adelphia has been working to address two significant local issues that are factors in our franchise renewal. One is the physical electrical grounding of cable connections at residences. Many improper groundings were identified in an audit in 2001, and Adelphia agreed to visit all homes served to inspect and correct electrical grounds. They have visited over 15,000 homes and have made corrections on over 12% of the homes inspected. The other issue is customer call answering. They have had a history of not answering customer calls in a timely manner. To address this issue, as well as to address cost concerns, telephone answering will be transferred from the local office to an

Adelphia national call center. They claim this will provide for better staff coverage, especially on nights and weekends, and will improve responsiveness to customers.

- Regarding rates and pricing, Adelphia has recently announced several new packages that bundle CATV and high-speed data (cable modem) services. In addition, they have announced that CATV rates will change in February, 2004. You recently received a copy of a letter from Adelphia dated January 6, 2004 which describes all of the planned rate changes. It appears that the price of Adelphia Classic Cable service, what used to be called Basic Service, will be increasing from \$42.21 to \$44.95, a 6.5% increase. However, it appears that the rates for Broadcast Service, the most basic level of television service, and most digital television services will be going down. As a reminder, federal law only allows for rate regulation of the most basic level of service. Rates for all other services are unregulated.

If you would like additional information on rates or any other issues regarding the franchise renewal, please contact me at 434-455-6002 or at [mike.goetz@lynchburgva.gov](mailto:mike.goetz@lynchburgva.gov).

Thank you.